

# Free report on current issues in canadian business

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In his article *Made in Canada: How Local Companies Can Compete with International Outsourcers* Andrew Seale brings to the lime light the prospective loss of business faced by local manufactures due to the cheap low quality products being imported to the Canadian market. Small businesses are especially finding it very hard to compete with the large multinationals that are sourcing cheap labor from the developing countries (Seale n. p). Even local newspapers are currently outsourcing their print designs from Indian firms rendering the Canadian firms jobless.

Having identified this as a problem or threat to businesses in Canada, Seale seeks to highlight the measures being taken by these businesses to leverage this competition. He says that local businesses have to contend with the fact that they have to restructure their way doing business or face liquidation as the multinationals take hold. Government subsidies and policies meant to assist the local businesses are doing less to curb this competition. According Brent Barr, subsidies would only lead to a collapse in industry (Seale n. p). The burden thus lies squarely on the small businesses to be innovative and find means of competing with the multinational companies.

There is a hope though for the local Canadian industries and small business. It is true that the multinational corporations outsource cheap labor abroad. Goods or products produced in the industries abroad are of very poor quality and the consumers know that. Compared to the locally produced commodities which are carefully hand produced to adhere to quality, goods in the outsourced countries are usually mass produced hence are never given attention to detail. By actively creating awareness to the local consumer of the need to purchase quality locally manufactured products,

then the local business can gain an upper hand over the big multinational corporations.

There is still another glimmer of hope. Seale quotes Lothian saying that of later, the labor costs abroad have been sky rocketing. The increase in labor costs abroad is narrowing the gap between the labor costs abroad and the labor costs locally. In China for instance, labor costs are really on the rise threatening the advantage multinational companies have been enjoying. The increase in labor costs, compounded by the increase in shipping costs will eventually force the multinational companies to “ re- shore” (Seale n. p). The multinational companies are going to be forced to stop outsourcing hence losing their advantage in mass producing cheap products.

According to Lothian the government to promote local production and protect local companies should seek to reduce regulation in allow effective and efficient movement of raw materials across borders. This will give the small business a great leverage as it will reduce the cost of production significantly. The quality products produced will thus have a greater competitive edge over the cheaply produced low quality products.

The government according to Katherine Ross should offer funding to local industries as well as incubation and education. This will also further enable the local manufacturers to compete effectively and also protect the local market and industries. The ability for local companies to respond swiftly to consumer tastes and changing market conditions should also be an advantage of the local industries over the outsourcing companies. She also asserts that the local industries need to pull their resources together to gain that competitive edge. They should not only rely on quality production as

their edge in this completion. Pulling together will not only enable them to produce goods in bulk but they will produce quality goods in bulk those lowering their manufacturing costs.

The main aim here is for the small companies to beat the stiff competition from the multinational companies and still produce quality products affordable to the local consumer.

### **Work cited**

Seale Andrew. ' Made in Canada: How Local Companies Can Compete with International

Outsourcers.' Toronto Star. October 10, 2012.